

## Beverage Container Recycling Program: Spring Finance Letter

The Beverage Container Recycling Program (Program) has achieved significant success over the past several years, but that success has been accompanied by significant challenges including, most especially, a tremendous growth in workload and a \$100 million, statutorily-driven, structural deficit. To address these challenges, the Program must shift the balance of its efforts from primarily encouraging recycling to an increased emphasis on program fiscal integrity, quality control and better use of information resources. Doing so will (1) help address the structural deficit by reducing losses and operating costs and (2) help address improved industry performance through improved program compliance, efficiency, and effectiveness. This proposal includes the first phase efforts toward that shift of balance.

Consistent with this shift, the Department of Resources Recycling and Recovery (CalRecycle) and the Administration submitted a Spring Finance Letter for 8.0 positions and appropriation authority to implement the following first, basic steps:

1. Introduce a new certification application review process that (a) is based on standards of performance and accountability, including a more significant effort to prepare program participants for success and (b) adequate certification review time to ensure that certified entities better serve the public and the Program;
2. Introduce a formal and ongoing training program that is complemented by a robust technical assistance team which actively consults with industry regarding best practices that increase recycling while fostering the efficiency of operations;
3. Require program participants to adopt the Division of Recycling Integrated Information System (DORiis) that is currently used by 82% of certified entities;
4. Simplify the payment rates for beverage containers and reduce potential losses to the Program by eliminating the use of commingled rates at all recycling centers; and
5. Clarify statute regarding out-of-state containers and fraud.

In its Spring Finance Letter, CalRecycle seeks approval for an appropriation from the Penalty Account in the California Beverage Container Recycling Fund. CalRecycle also seeks authority to establish 8.0 limited-term, full-time positions to implement the proposal in the budget year. The Penalty Account will fully fund all positions and other costs.

CalRecycle proposes these positions as three year limited-term in order to provide the opportunity to evaluate and demonstrate if this resource investment is effective in addressing fraud and improving the program's operational integrity as well as examine more stable funding options.

Summary of Finance Letter Fiscal Details (dollars in thousands)			
	2013-14	2014-15	2015-16
Requested Appropriation	\$984	\$951	\$951
New Positions	8.0	0.0	0.0